

# Glossary

The glossary is divided into two sections. The first section includes both financial and budgetary terminology. The second section consists of our definition of object codes, which reference budget classification information.

## Definition of Financial and Budgetary Terms:

- ***Accrual Basis of Accounting*** - Method of accounting that recognizes the financial effect of transactions, events, and interfund activities when they occur, regardless of the timing of related cash flows.
- ***Adoption of Budget*** - Formal action by the Board of Supervisors which sets the spending priorities and limits for the fiscal year.
- ***Appropriation*** - A legal authorization made by the Board of Supervisors to permit the County to incur obligations and to make expenditures of resources for specific purposes; approved on an annual basis.
- ***Appropriation Resolution*** - The official enactment by the Board of Supervisors to establish legal authority for County officials to obligate and expend resources.
- ***Assessed Valuation*** - A valuation set upon real estate or other property by the Real Estate Assessor and the Commissioner of the Revenue as a basis for levying taxes.
- ***Balance Sheet*** - A financial statement disclosing the assets, liabilities, reserves, and balances of a specific governmental fund as of a specific date.
- ***Bond*** - A written promise to pay a sum of money on a specific date at a specified interest rate. The most common types of bonds are general obligation and revenue bonds. Bonds are primarily used to finance capital projects.
- ***Budget*** - A financial plan for a specified period of time (fiscal year), matching all planned revenues and expenditures/expenses with various municipal services.
- ***Budget Adjustment*** - A legal procedure utilized by the County staff and the Board of Supervisors to revise a budget appropriation.
- ***Budget Document*** - The instrument used by the budget-making authority to present a comprehensive financial program to the Board of Supervisors.
- ***Budget Message*** - The opening section of the budget, which provides the Board of Supervisors and the public with a general summary of the most important aspects of the budget, changes from the current and previous fiscal years, and the views and recommendations of the County Administrator.
- ***Budget Process*** - A series of steps involved in the planning, preparation, implementation, and monitoring of the County Budget.

- **Budgetary Control** - The control or management of a governmental unit or enterprise in accordance with an approved budget for the purpose of keeping expenditures/expenses within the limitations of available appropriations and available revenues.
- **Capital Assets** - Assets of long-term character which are intended to continue to be held or used, such as land, buildings, infrastructure, vehicles, machinery, furniture, and other equipment.
- **Capital Improvement** - Expenditures related to the acquisition, expansion, or rehabilitation of an infrastructure or facility.
- **Capital Improvements Program** - A plan for capital expenditures to provide long-lasting physical improvements to be incurred over a fixed period of several future years.
- **Capital Lease** - A lease is considered a capital lease if it meets one of the following criteria: (1) the lease transfers ownership of the property to the lessee by the end of the lease term; (2) the lease contains an option to purchase the leased property at a bargain price; (3) the lease term is equal to or greater than 75 percent of the estimated economic life of the leased property; or (4) the present value of rental or other minimum lease payments equals or exceeds 90 percent of the fair value of the leased property less any investment tax credit retained by the lessor.
- **Capital Projects Funds** - Accounts for financial resources to be used for the acquisition or construction of major capital projects other than those financed by enterprise funds.
- **Cash Accounting** - A basis of accounting that recognizes transactions or events when related cash amounts are received or disbursed.
- **Cash Management** - The management of cash necessary to pay for government services while investing temporary cash excesses in order to earn interest revenue. Cash management refers to the activities of forecasting the inflows and outflows of cash, mobilizing cash to improve its availability for investment, establishing and maintaining banking relationships, and investing funds in order to achieve the highest interest and return available for temporary cash balances.
- **Compensated Absences** - For financial reporting purposes, vacation and sick leave that is attributable to services already rendered and is not contingent on a specific event that is outside the control of the employer and employee.
- **Contingency Account** - A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted for.
- **Current Taxes** - Taxes that are levied and due within one year.
- **Debt Service** - The County's obligation to pay the principal and interest of all bonds and other debt instruments according to a pre-determined payment schedule.
- **Debt Service Fund** - Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

- **Debt Service Requirements** - The amount of revenue that must be provided for a Debt Service Fund so that all principal and interest payments can be made in full and on schedule.
- **Delinquent Taxes** - Unpaid taxes that remain on and after the date on which a penalty for non-payment is attached.
- **Department** - A major functional component of the County, which indicates overall management responsibility for an operation or a group of related operations. For example, the Department of General Services includes Administration, Engineering and Facility Maintenance, Facility/Utility Charges, Telecommunications, Grounds Maintenance, and Yorktown Waterfront.
- **Depreciation** - The process of estimating and recording the lost usefulness, expired useful life or diminution of service of a capital asset that cannot or will not be restored by repair and will be replaced. The cost of the capital asset's lost usefulness is the depreciation or the cost to reserve in order to replace the item at the end of its useful life.
- **Disbursement** - Payment for goods or services in cash or by check.
- **Division** - A specific function within a department, usually with its own activity number. For example, Grounds Maintenance is a division of the Department of General Services.
- **Economic Development Authority** - This group has the authority to promote industry and develop trade by inducing manufacturing, industrial and commercial enterprises to locate or remain in the County.
- **Encumbrance** - The legal commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for future expenditures.
- **Enterprise Funds** - A proprietary accounting fund type in which the services provided are financed and operated similarly to those of a private business. The rate schedules for these services are established to insure that revenues are adequate to meet all necessary expenditures.
- **Estimated Revenue** - The amount of projected revenue to be collected during the fiscal year.
- **Expenditure** - This term refers to the outflow of funds paid or to be paid for an asset obtained or goods or services obtained regardless of when the expense is actually paid. Note: an encumbrance is not an expenditure. An encumbrance reserves funds to be expended.
- **Expenses** - Charges incurred (whether paid immediately or unpaid) for operation, maintenance, interest and other charges.
- **Financial Audit** – Provides an auditor's opinion that financial statements present fairly an entity's financial position and results of operations in conformity with generally accepted accounting principles.

- **Fiscal Year** - The time period designated by the County signifying the beginning and ending period for recording financial transactions. The County of York has specified July 1<sup>st</sup> to June 30<sup>th</sup> as its fiscal year.
- **Fringe Benefits** - Employee compensation that is in addition to wages or salaries. Examples: retirement, health insurance, and life insurance.
- **Full Faith and Credit** - A pledge of the general taxing power of a government to repay debt obligations (typically used in reference to bonds).
- **Function** - A group of related programs crossing organizational (department) boundaries and aimed at accomplishing a broad goal or accomplishing a major service.
- **Fund** - An accounting entity that has a set of self-balancing accounts and that records all financial transactions for specific activities or government functions. Commonly used funds in public accounting are: general fund, special revenue funds, debt service funds, capital project funds, enterprise funds, trust and agency funds, internal service funds, and special assessment funds.
- **Fund Balance** - Fund balance is the excess of assets over liabilities.
- **General Fund** - The largest fund within the County, the General Fund accounts for most of the financial resources of the government. General Fund revenues include property taxes, licenses and permits, local taxes, service charges, and other types of revenue. This fund usually includes most of the basic operating services, such as general administration, judicial services, public safety, environmental and development services, finance and planning, education, human services, general services, and community services.
- **General Ledger** - A file that contains a listing of the various accounts necessary to reflect the financial position of the government.
- **General Obligation Bonds (GOB)** - Bonds that finance a variety of public projects such as buildings and improvements. The repayment of these bonds is usually made from the General Fund to the Debt Service Funds; the bonds are backed by the full faith and credit of the issuing government.
- **Government Accounting Standards Board (GASB)** - The ultimate authoritative accounting and financial reporting standard-setting body for state and local government. The GASB was established in June 1984 to replace the National Council on Governmental Accounting (NCGA).
- **Government Finance Officers Association (GFOA)** - An association of public finance professionals founded in 1906 as the Municipal Finance Officers Association. The GFOA has played a major role in the development and promotion of generally accepted accounting principles for state and local government since its inception.
- **Governmental Funds** - Funds generally used to account for tax-supported activities. The County has four governmental funds: the general fund, special revenue funds, debt service funds, and capital projects funds.

- **Grant** - A contribution by a government or other organization to support a particular function. Grants may be classified as either categorical or block, depending upon the amount of discretion allowed the grantee.
- **Infrastructure** - Long-lived capital assets that normally are stationary in nature and can be preserved for a number of years. Examples for the County include curbing, asphalt, brick and concrete paving, piers, boat ramps, breakwaters, and sewer systems.
- **Interfund Transfers** - Amounts transferred from one fund to another.
- **Intergovernmental Revenue** - Revenue received from another government for a specific purpose.
- **Internal Service Fund** - Funds used to account for the financing of goods or services provided by one department to another department on a cost reimbursement basis. The County has one internal service fund, the Vehicle Maintenance Fund, which accounts for the operation of the vehicle maintenance and replacement services that are provided to County departments on a cost reimbursement basis.
- **Inventory** - A detailed listing of property currently held by the government.
- **Invoice** - A bill requesting payment of goods or services by a vendor or other governmental unit.
- **Lease Revenue Bonds** - Bonds issued to finance the acquisition, construction, improvement, furnishing and/or equipping of capital projects with a financing lease agreement entered into at the same time of the bond issuance. For example, the revenue bonds will be limited obligations of the Economic Development Authority (EDA) with principal and interest payments made by the County pursuant to a financing lease between the County and the EDA.
- **Levy** - To impose taxes, special assessments, or service charges for the support of County activities.
- **Literary Loans** - Loans from the State Literary Loan Fund for the construction and improvement of various schools.
- **Long Term Debt** - Debt with maturity of more than one year after the date of issuance.
- **Modified Accrual Accounting** - A basis of accounting in which expenditures are accrued but revenues are accounted for on a cash basis. This accounting technique is a combination of cash and accrual accounting since expenditures are immediately incurred as a liability while revenues are not recorded until they are actually received or are "measurable" and "available for expenditure."
- **Note Payable** - An unconditional written promise signed by the maker to pay a certain sum of money on demand or at a fixed or determinable time either to the bearer or to the order of a person designated therein.

- **Object Code** - A unique code designed for referencing budget classification information. It identifies the lowest cost or expenditure classification. The code insures that expenditures are posted into the appropriate fund, character, function, program, department, division, section, and cost account.
- **Operating Budget** - The portion of the budget that pertains to daily operations that provides basic governmental services. The operating budget contains appropriations for such expenditures as personnel, supplies, utilities, materials, travel, and fuel.
- **Performance Measures** - Specific quantitative and qualitative measures of work performed as an objective of the department.
- **Property Tax** - Property taxes are levied on both real and personal property according to the property's valuation and the tax rate.
- **Reconciliation** - A detailed summary of increases and decreases in expenditures from one budget year to another.
- **Requisition** - A written request from one department to another for specific goods or services. In the case of a purchase requisition, this precedes the authorization of a purchase order.
- **Reserve** - An account used to indicate that a portion of a fund's balance is legally restricted for a specific purpose and is, therefore, not available for general appropriation.
- **Resources** - Total amounts available for appropriation.
- **Revenue** - Funds that the government receives as income. It includes such items as tax payments, fees from specific services, receipts from other governments, fines, forfeitures, grants, shared revenues, and interest income.
- **Revenue and Expenditure Detail** - Represents the smallest level or breakdown in budgeting for revenue and expenditures.
- **Revenue Bonds** - Bonds usually sold for constructing a project that will produce revenue for the government. The revenue is used to pay the principal and interest of the bond.
- **Revenue Estimate** - A formal estimate of how much revenue will be earned from a specific revenue source for some future period; typically, a future fiscal year.
- **Risk Management** - An organized attempt to protect a government's assets against accidental loss in the most economical method.
- **Source of Revenue** - Revenues are classified according to the source or point of origin.
- **Special Revenue Funds** - Accounts for the proceeds of specific revenue sources that are legally restricted for specified purposes other than for major capital projects.
- **Tax Rate** - The amount of tax levied for each \$100 of assessed value.

- **Transfers From** - Budget line item used to reflect transfers of financial resources into one fund from another fund.
- **Transfers To** - Budget line item used to reflect transfers of financial resources out of one fund to another fund.
- **Unappropriated Fund Balance** - The excess of a fund's assets and estimated revenue for a period over its liabilities, reserves, and available appropriations for the period.
- **Unencumbered Balance** - The amount of an appropriation that is neither expended nor encumbered. It is essentially the amount of money still available for future purchases.
- **Unrestricted Net Assets** - That portion of net assets that is neither restricted nor invested in capital assets (net of related debt).
- **Virginia Retirement System (VRS)** - An agent multiple-employer public retirement system that acts as a common investment and administrative agent for the political subdivisions in the Commonwealth of Virginia.

#### **Definition of Object Codes:**

- **Personnel Services** - All compensation for the direct labor of persons employed with the County. Salaries and wages paid to employees for full- and part-time work, to include overtime and similar compensation. Fringe benefits include the employer's portion of FICA, retirement, health and life insurance.
- **Contractual Services** - Services acquired from outside sources. Purchase of the service is on a fee basis or a fixed time contract basis.
- **Internal Services** - Charges from an Internal Service Activity to other activities of the local government for the use of intragovernmental services. Internal Services are defined as automotive/motor pool, central store, and copier usage.
- **Other Charges** - Includes payments for heat, electricity, water, solid waste, and sewer services; payments for postal, messenger and telecommunications; payments for professional development; and payments for miscellaneous items such as dues and memberships.
- **Materials and Supplies** - Includes articles and commodities that are consumed or materially altered when used, and minor equipment that is not capitalized. Examples include: office supplies, food and food service supplies, medical and laboratory supplies, books and subscriptions, linen supplies, fuel, lubricants, police supplies, guns and ammunition, etc.
- **Leases and Rentals** - Includes leases and rentals of buildings and equipment.
- **Capital Outlay** - Outlays that result in the acquisition of or additions to capital assets. It includes the purchase of assets, both replacement and/or additional.
- **Grant Activity** - Includes both Federal and State grants to be used for a specific purpose.

- ***Contributions*** - Includes payments to agencies or organizations for the benefit of the community.
- ***Charge-outs*** - Certain activities charge for the services they provide. The charge-outs for those services are included in this category.